

INTERNAL REVENUE SERVICE

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Release Date: 9/30/2002

[REDACTED]

[REDACTED]

[REDACTED]

CC:PSI:1-GENIN-137872-02

Aug 5 2002

UILC: 1362.00-00

Dear [REDACTED]:

We are responding to correspondence submitted regarding [REDACTED], requesting relief in order to establish 1999 as the effective taxable year for your S corporation election. In your situation, automatic late S corporation relief is unavailable under Revenue Procedure 97-48 because your 1999 tax return was filed late. Although we are unable to respond to your request as submitted, this letter provides information relating to your request.

Announcement 97-4 (copy enclosed) provides guidance on seeking relief for late S corporation elections. Generally, to request relief for a late S corporation election you must request a private letter ruling from the National Office. The procedures for requesting a private letter ruling are set out in Revenue Procedure 2002-1 (copy enclosed). In addition, Rev. Proc. 2002-1 requires taxpayers to submit a user fee along with their ruling request. The standard user fee for a private letter ruling is \$6,000. However, taxpayers with gross income of less than \$1 million on their tax return for the most recent 12-month taxable year, qualify for a **reduced user fee** in the amount of \$500. If you qualify for the reduced fee, please include a brief statement certifying your corporate gross income for the last 12-month taxable year.

If you decide to submit a formal request for a private letter ruling, please review Appendix B of Rev. Proc. 2002-1. You should include the proper user fee check, any documents that substantiate your intent to be an S corporation from inception, and all procedural statements described in Appendix B. If you need assistance, you may call the contact person listed in this letter. Please refer your request to our office by adding the following to the address:

Attn: CC:PA:T
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Direct to: CC:PSI:1
Room 5002

In addition, the IRS has developed two new CD-ROMs to help educate small business owners on their tax responsibilities: (1) *Introduction to Federal Taxes for Small Business/Self-Employed*; and (2) *A Virtual Small Business Workshop*. These two items are free and can be ordered by calling 1-800-829-3676. The IRS also provides a special website, www.irs.gov/smallbiz which is dedicated to providing information to small business taxpayers.

Please keep this letter with your tax records and feel free to provide a copy of it to your authorized representative. We hope that the above information proves helpful.

Sincerely yours,
/s/ Dianna K. Miosi
DIANNA K. MIOSI
Chief, Branch 1
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures:
Announcement 97-4
Rev. Proc. 2002-1
Copy of submission